

# IRS News Release

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## IRS Issues Optional Sales Tax Tables

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WASHINGTON — The Internal Revenue Service has made available on its Web site Publication 600, Optional State Sales Tax Tables, which taxpayers may use for their 2004 returns. The IRS also will send Pub. 600 to all taxpayers who get a Form 1040 tax package.

The tax law authorizing this optional deduction for state and local sales tax instead of state and local income tax was enacted too late in the year to include the tables in the tax instruction books.

The American Jobs Creation Act of 2004 authorized the sales tax deduction as an option for those who itemize deductions, letting them choose between deductions for state and local income or sales taxes. Taxpayers will indicate by a checkbox on line 5 of Schedule A which type of tax they're claiming. The law provides this choice for Tax Years 2004 and 2005 only.

"Taxpayers should check these tables to see if they're entitled to a larger sales tax deduction than a state income tax deduction," said IRS Commissioner Mark W. Everson.

The tables give taxpayers a sales tax deduction amount as an alternative to saving their receipts throughout the year and tabulating the amount actually paid. Taxpayers use their income level and number of exemptions to find the sales tax amount for their state. The table instructions explain how to add an amount for local sales taxes if appropriate.

Taxpayers also may add to the table amount any sales taxes paid on:

- A motor vehicle, but only up to the amount of tax paid at the general sales tax rate; and
- An aircraft, boat, home (including mobile or prefabricated), or home building materials, if the tax rate is the same as the general sales tax rate.

While this deduction will mainly benefit taxpayers with a state or local sales tax but no income tax – in Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming – it may give a larger deduction to any taxpayer who paid more in sales taxes than income taxes. For example, a person may have bought a new car, boosting the sales tax total, or claimed tax credits, lowering the state income tax paid.

Taxpayers may download Pub. 600 from [www.irs.gov](http://www.irs.gov). A printed version will be available for mailing in a few weeks by calling (toll-free) 1-800-TAX-FORM (1-800-829-3676).